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RESOURCE BULLETIN by Gavin Wendt

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More Strong Results at Mt Alexander – Portfolio Stock (coverage initiated @ $0.175 in May 2016)

St George Mining (ASX: SGQ, Share Price: $0.13, Market Cap: $33m) has attracted solid market interest in 2016, with the commencement of maiden diamond drilling at its Mt Alexander project in WA to test highly-prospective massive nickel-copper sulphide targets. Drilling is taking place at the company's Cathedrals, Stricklands and Investigators prospects, where encouraging initial results have been received.

St George has advised of encouraging metallurgical results from its Mt Alexander project, demonstrating a flow-sheet capable of producing separate saleable copper and nickel concentrates at high recoveries. High-grade nickel-copper sulphide assays have also been received from ongoing drilling at Investigators.

Market Significance

SGQ's share price firmed strongly during the months of April and July on the back of market interest built around initial diamond drilling at Mt Alexander. Subsequently, multiple intersections of massive sulphides at Investigators (particularly at very shallow depths) have been defined over a strike length of 1.3km, clearly demonstrating an under-explored nickel-copper system, but one that is growing with every completed drill program. This is reinforced by the strike length of recurrent nickel-copper mineralisation within the belt to 3.5km. These achievements are not appropriately reflected in SGQ's current share price.

Announcement Detail - Mt Alexander Exploration Update

St George has provided further exploration updates with respect to its Mt Alexander project in Western Australia, comprising initial results from metallurgical test-work, as well as results from ongoing diamond drilling.

Metallurgical Results

Let's begin with the metallurgical results, where metallurgical flotation test-work has been completed on a sample of massive nickel-copper sulphide mineralisation from the Cathedrals Prospect at Mt Alexander. The purpose of this preliminary test-work has been to generate separate copper and nickel sulphide concentrates, along with assessment of any smelter credits from the PGEs and cobalt.

Figure 1: Photographs of a metallurgical flotation test on the Mt Alexander massive sulphide. On left: copper flotation test, with concentrates up to 32%Cu produced. On right: nickel flotation test, with concentrates up to 18%Ni produced.

The test-work was completed by Strategic Metallurgy Pty Ltd, recognised as leading consultants in nickel sulphide metallurgy. The results from the metallurgical test work are considered very positive for the following important reasons:

- Selective separate flotation of copper and nickel concentrates was achieved

- Recovery of nickel and copper to bulk concentrate exceeded 99%, demonstrating the exceptional amenability of the Mt Alexander massive sulphide to flotation
- Nickel recovery of 89.4% with an 18% nickel concentrate produced (>13% Ni is considered a saleable concentrate)
- Copper recovery of 85.8% with a 32% copper concentrate produced (>24% Cu is considered a saleable concentrate)
- Copper not recovered into the copper concentrate is recovered into the nickel concentrate, resulting in an overall copper recovery of 99.7%
- Cobalt in the nickel concentrate grading 0.55% Co, which would attract smelter credits
- Excellent recoveries of Platinum Group Elements (PGEs), with 3.2g/t PGEs + Au in the copper concentrate and 13.5g/t PGEs + Au in the nickel concentrate. The PGEs in the nickel concentrate would likely attract significant smelter credits
- The levels of deleterious smelter elements in both concentrates are very low. The preliminary metallurgical test work has produced excellent results demonstrating a flow-sheet capable of producing separate saleable copper and nickel concentrates at high recoveries.

Technical Significance

The significance of the initial metallurgical test-work has confirmed that the mineralisation from Mt Alexander is amenable to commercial processing and is likely to produce a high-value, smelter-friendly concentrate. The results importantly continue to support the favourable economics of a potential mining operation at Mt Alexander.

Drilling Results

Drill-hole MAD40 was completed at the Investigators Prospect in order to test the centre of Anomaly 2 (114,000 Siemens), with the hole successfully intersecting massive sulphides with pentlandite veining. Laboratory assays have confirmed that MAD40 intersected high-grade nickel-copper sulphides, with the following significant intersections:

- 1.44 metres @ 0.46%Ni, 0.16%Cu, 0.02%Co and 0.6g/t total PGEs from 105.35m, *then*
- 1.96 metres @ 5.09%Ni, 2.11%Cu, 0.16%Co and 3.46g/t total PGEs from 106.79m, *including*
- 1 metre @ 7.88%Ni, 3.11%Cu, 0.24%Co and 5.04g/t total PGEs from 107.75m

Technical Significance

Drill-hole MAD31 was drilled 10 metres to the south of MAD40 and it also intersected high-grade nickel-copper sulphides with pentlandite veining. The consistency of the mineralisation intersected in both MAD31 and MAD40 suggests potential for further continuity of the massive sulphides at Anomaly 2. Further drilling will determine the extent of this mineralisation, including any potential extensions along strike.

Drill-hole MAD39 was completed to test Anomaly 3 (35,000 Siemens) at Investigators, however there was no conductive material in the drill-core that could explain the strong EM target. A down-hole EM survey completed in MAD39 has identified two strong off-hole conductors, which have not been tested by drilling. Modelling of these EM conductors is being finalised by Newexco.

Preliminary modelling has interpreted the first EM plate to be located 25 metres west of Anomaly 2 with a moderate conductivity of 3,150 Siemens. The second EM plate represents the Anomaly 3 target, which has yet to be tested and is modelled 60 metres to the north-northwest of Anomaly 2, with a very high conductivity of 26,000 Siemens.

The proximity of the new conductors to the known mineralisation at Anomaly 2 supports the potential for the discovery of additional massive sulphide mineralisation at these new targets.

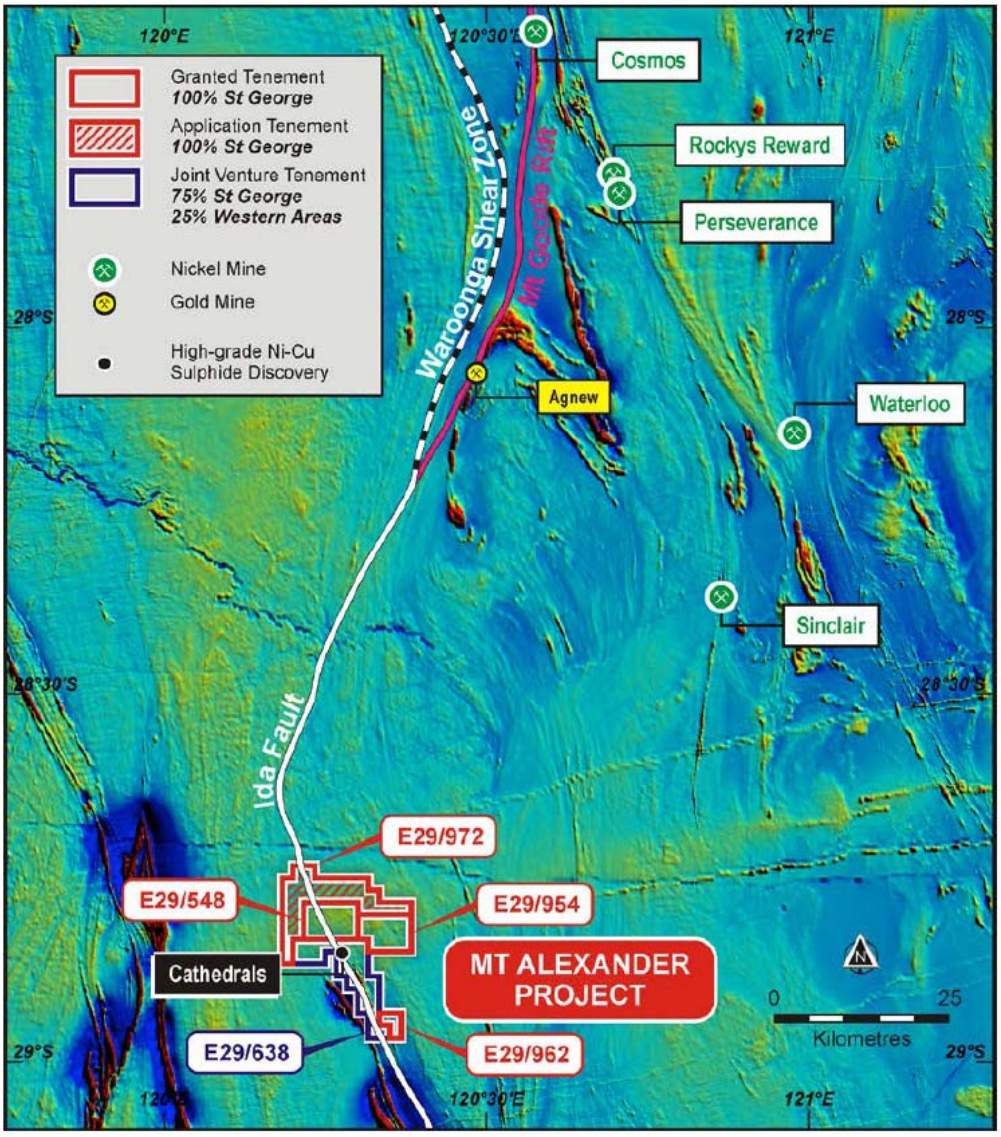

Figure 2: A map (over TMI magnetics) showing the location of Mt Alexander Project to the south-southwest of major nickel projects in the Agnew-Wiluna Belt. E29/954 (100% St George) has recently been granted, significantly expanding the Project area to a total of 174 sq km.

Project Overview

Mt Alexander is located 120km south-southwest of the Agnew-Wiluna belt, which hosts numerous world class nickel deposits. The Cathedrals nickel-copper discovery and the Stricklands prospect are held within a joint venture with Western Areas (ASX: WSA) (25%) and St George (75%). St George is the Manager of the project, with Western Areas retaining a 25% non-contributing interest until there is a decision to mine. Drilling is currently taking place on the company's Cathedrals, Stricklands and Investigators prospects.

Summary

We initiated coverage of St George Mining at a price around $0.175 during April 2016.

The Mt Alexander drilling results so far are as good as could possibly be expected at this early stage of exploration. They represent an outstanding success rate so early in the drilling program, in turn providing strong encouragement for the ongoing program of diamond drilling of EM conductors.

The results also confirm the effectiveness of EM surveys as a targeting tool for nickel-copper sulphide mineralization. This is particularly significant for the DHEM surveys that have just been completed within the completed drill-holes. The company has a very solid base for further exploration success, based on strong technical analysis including the work done by previous project owner, BHP Billiton.

St George Mining will therefore continue to remain firmly held within our Portfolio. We will be meeting with MD John Prineas for an update on Wednesday next week.

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